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TAGS: [PREL](#) [PINR](#) [ECON](#) [IQ](#) [RS](#)
SUBJECT: RUSSIA TO FOCUS ON BILATERAL ECONOMIC COOPERATION
DURING IRAQI FM VISIT

REF: A. MOSCOW 4305
[1](#)B. BAGHDAD 3064

Classified By: Ambassador William J. Burns for reasons 1.4(b,d).

[1](#)1. (C) Summary: MFA Deputy Director of Middle East and North Africa Department Aleksandr Kinshak previewed for us preliminary GOR plans for Iraqi FM Zebari's trip to Moscow, currently scheduled for September 18-21. The GOR will seek a commitment from Zebari to reactivate the Russia-Iraq Intergovernmental Commission, which it views as the proper mechanism for resolving pending oil contracts and boosting Russian economic activity in Iraq. Kinshak said Russia will not move forward on debt reduction until the Iraqi government "acknowledges Russian economic interests." The GOR proposed that Zebari meet FM Lavrov, Industry and Energy Minister Khristenko -- the Russian chair of the dormant Intergovernmental Commission -- and with Russian journalists and business leaders. Kinshak confirmed that Lavrov will not attend the UNGA Ministerial on Iraq, but will participate in the October 31-November 1 Iraq Neighbors Ministerial in Istanbul. The Ambassador will meet with Zebari on September 19 and reiterated to DFM Saltanov the need to move on debt relief now -- a point he will also meet stress in upcoming meetings with Presidential Aide Prikhodko and Finance Minister Kudrin. End Summary.

Zebari Visit to Focus On...

[1](#)2. (C) On September 12, MFA Deputy Director of Middle East and North Africa Department Aleksandr Kinshak told us the MFA has yet to finalize a program for Iraqi FM Zebari, who will be in Moscow from September 18-21. The only meeting nailed down thus far is a wide-ranging meeting with FM Lavrov; Kinshak said the MFA is still waiting to hear from Zebari's office on its list of proposed meetings and topics.

...Political Situation in Iraq

[1](#)3. (C) Kinshak noted Russia's interest in Zebari's views on Iraqi efforts to achieve a political settlement in the country, including plans for the October 31-November 1 Neighbors Ministerial in Istanbul. Referring to the possibility of a U.S.-Iraq bilateral agreement on the presence of U.S. troops in Iraq, Kinshak said the GOR will query Zebari on GOI deliberations on the extension of the UNSC mandate for the Multinational Force. Russia will also solicit Zebari's assessment of Iraq's current relations with its neighbors Iran, Syria, and Turkey.

...Deepening Economic Ties

[1](#)4. (C) Russia will push Zebari to agree to reactivate the Russia-Iraq Intergovernmental Commission before the end of

the year. Kinshak explained that the Intergovernmental Commission is the formal mechanism for addressing specific bilateral political and economic issues; Russian Industry and Energy Minister Khristenko and Zebari are the co-chairs of the Intergovernmental Commission. According to Kinshak, the Intergovernmental Commission has not met since the invasion in Iraq because the new Iraqi government remains reluctant to resurrect the forum, claiming that it needs more time to consolidate its power. If Zebari agrees to meet Khristenko, he will urge Zebari to view the Intergovernmental Commission as a useful format to help address the most pressing issues in Iraq, noting that Russia would be willing to restructure the forum. Kinshak cited as an example GOR interest in increasing the number of GOI contracts to Russian companies to develop Iraq's electrical infrastructure. Kinshak argued that Iraq is in desperate need of electricity and the Intergovernmental Commission could address that need quickly and systematically. He emphasized that Russia would also seek to "integrate" Russia's pending oil contracts in the Intergovernmental Commission structure.

...Iraqi Debt Reduction

15. (C) Noting that Russia's Ministry of Finance has the lead on debt issues, Kinshak said that Russia and Iraq have already prepared the paperwork to write off almost 90 percent of Iraq's multibillion debt, which he pointed out is 10 percent more than Paris Club requirements. Kinshak said the remaining step is the signing of the agreement. When pressed to offer a timeline on the signing, Kinshak recognized that the USG was "applying maximum pressure" on the GOR to conclude the agreement. (Note: The Ambassador urged DFM Saltanov on August 30 to move quickly on debt reduction and

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will reiterate this point in upcoming meetings with Presidential Aide Prikhodko and Finance Minister Kudrin. See ref A. End Note.) However, he stated that Russia would most likely sign the agreement "as soon as Iraq addresses Russia's long-standing economic interests," which included agreeing to hold an Intergovernmental Commission meeting before the end of the year. When we said that Russia could improve its dialogue with Iraq on pending oil contracts and other possible joint projects by concluding the debt reduction process, Kinshak repeated the familiar argument that Iraq could improve the atmosphere on debt reduction talks by recognizing Russian economic interests in Iraq.

...Press and Business Roundtables

16. (C) The MFA has asked Zebari about the possibility of conducting an in-depth press conference with Russian journalists and a roundtable with representatives of leading Russian businesses. Kinshak also informed us that Zebari requested a meeting with Putin, but he doubted Zebari would receive a positive response from the Kremlin, noting that Iraq is not Russia's "number one priority."

Lavrov Focused on Iraq Neighbors Ministerial

17. (C) Kinshak said that FM Lavrov does not plan on attending the September 22 UNGA Ministerial on Iraq, given that "it will be nothing more than a talking heads show for two hours." DFM Saltanov will represent the GOR at the UNGA Ministerial. Noting the relatively successful September 9 Expanded Neighbors preparatory conference, Kinshak confirmed that FM Lavrov will attend the October 31-November 1 Neighbors Ministerial in Istanbul (ref B). Kinshak underscored Russian commitment to the Neighbors framework, noting that such gatherings can play a significant role in helping the Iraqi government to establish peace and stability in the country.

Comment

18. (C) The Ambassador will meet Zebari on September 19 and will review options to secure GOR debt relief now.

Burns